

UNITED STATES DEPARTMENT OF AGRICULTURE

AGRICULTURAL ADJUSTMENT ADMINISTRATION

WASHINGTON, D. C.

COTTON MARKETING QUOTAS IN 1941

Cotton farmers throughout the country will vote Saturday, December 7, 1940, on whether they want marketing quotas for the 1941 cotton crop.

Cotton producers have used marketing quotas, authorized under the Agricultural Adjustment Act, for the last three seasons in conjunction with the Agricultural Conservation Program. For each of the crops—1938, 1939, and 1940—marketing quotas for cotton were approved by majorities ranging from 84 to 92 percent of the farmers voting.

This year, with war raging in a large part of the world, cotton farmers will vote under critical conditions. The questions they have in mind are these:

What is the cotton situation?

How do marketing quotas help to meet the situation?

How is the individual cotton farmer affected by the outcome of the referendum?

What is the importance of quotas in the national farm program?

In order to have a clear understanding as a basis for voting in the referendum, it is necessary that cotton farmers know the answers to these major questions and to many others of importance.

THE COTTON SITUATION

1. Q. How has the present war affected cotton farmers?

A. The war has cut off many of our important foreign cotton customers. At the same time, increased industrial activity in this country, due in part to our own defense program, has tended to increase domestic consumption. The loss of exports, however, is expected to be far greater than the increase in domestic consumption.

2. Q. What is the current cotton export situation?

A. Last season exports exceeded 6 million bales. During the early months of the current season cotton exports declined to an unusually low level and indications are that they will be sharply curtailed for the entire season. This slump is due to (a) war and naval blockades; (b) large reserves of cotton in some countries abroad; (c) necessity for belligerent nations to conserve American exchange

for the purchase of war materials; (d) restrictions on shipping facilities; and (e) low price of foreign growths as compared with American cotton.

3. Q. What is the current domestic consumption situation?

A. Last season domestic consumption reached a total of $7\frac{3}{4}$ million bales. For the current season, indications are that this may rise to 8 or $8\frac{1}{2}$ million bales. One reason for this favorable situation is the increase in industrial activity. Another element making for an active domestic market is the launching of several programs by the Department of Agriculture—such as the mattress-making project—to increase the home consumption of cotton. Export payments on cotton goods sold abroad is another stimulant to the domestic trade.

HOW QUOTAS OPERATE

4. Q. What is a farm marketing quota?

A. The 1941 marketing quota for a farm will be the cotton acreage allotment multiplied by the actual or normal yield, whichever is the larger, plus any carry-over cotton which could have been marketed without penalty in 1940.

5. Q. If marketing quotas are in effect, how much cotton may a farmer sell from his 1941 crop without penalty?

A. He may sell an amount of cotton equal to the farm marketing quota. As in previous years, a farmer who plants within his 1941 acreage allotment may sell without penalty all the cotton he produces in 1941.

6. Q. What are the marketing quota penalties?

A. If a farmer overplants his acreage allotment, he will be subject to a penalty of 3 cents per pound on cotton marketed in excess of his quota. In addition, he will not be eligible for parity payments, and if he has knowingly overplanted, he will not get conservation payments. If a loan program is in effect, his cotton loan will be sharply restricted.

7. Q. May a farmer sell without penalty cotton carried over from a previous year?

A. If the cotton was not subject to a penalty in 1940, it can be sold at any time without a penalty. If the cotton was subject to a penalty in 1940, it can be sold without penalty to the extent that 1941 production and carry-over penalty-free cotton is less than the marketing quota in 1941. For example, if a farmer has 10 bales of carry-over penalty cotton and his 1941 quota is 10 bales, but he produces only 4 bales in 1941, he may sell the 4 bales of 1941 cotton and as much as 6 bales of the carry-over cotton without paying a penalty.

8. Q. Do marketing quotas affect the acreage allotment or the normal yield of a farm?

A. No. The acreage allotment and the normal yield established for a farm will be the same, regardless of whether marketing quotas are in effect.

9. Q. Do marketing quotas affect the payments cotton producers may receive in 1941?

A. No. Producers who comply with the 1941 Agricultural Conservation Program will receive conservation and parity payments. These payments will not be affected by cotton marketing quotas.

10. Q. Will quotas apply to all cotton?

A. Quotas will apply to all cotton except (1) cotton with a staple length of $1\frac{1}{2}$ inches or more and (2) cotton grown by publicly owned experiment stations for experimental purposes only.

11. Q. Must the penalty be paid on all cotton marketed in excess of the farm marketing quota?

A. Yes; with one exception—the penalty does not apply to cotton produced in 1941 on any farm with a cotton allotment and on which the production in 1941 is 1,000 pounds of lint cotton or less. However, if the marketing quota is 900 pounds, and the farm produces 1,100 pounds, 200 pounds are subject to the penalty.

12. Q. What can a producer do about his farm marketing quota when it seems unfair to him?

A. The producer may appeal to a review committee, which is made up of farmers who are not members of the committee which established the farm acreage allotment. It is the duty of the marketing quota review committee to determine whether the quota was established according to law.

13. Q. If marketing quotas are in effect for 1941, will they be applicable to States, counties, and communities where the favorable vote was less than the required majority?

A. Yes. The cotton problem is a national problem and cannot be confined to any State or locality. Consequently, quotas, if voted into effect, will apply wherever cotton is produced.

14. Q. How are cotton loans affected by marketing quotas?

A. The Agricultural Adjustment Act specifically provides that if quotas are rejected by vote of the producers in the referendum, no loans can be made from the date the result of that referendum is proclaimed until the next succeeding marketing year which, in this case, would be August 1, 1942.

15. Q. Who will be eligible for loans if they are made available?

A. Producers who do not knowingly overplant their cotton acreage allotments are eligible for loans on all of the cotton they produce. Those who knowingly overplant their allotments are eligible for loans only on cotton produced in excess of their marketing quotas, and then at only 60 percent of the loan rate allowed cooperating producers.

PROGRAM SERVES COTTON FARMERS AND THE NATION

16. Q. How does the position of the cotton farmer today compare with his position in the early part of the first World War?

A. Although cotton producers today are facing serious difficulties, they are in a much stronger position than they were in 1914-15. There is in the farm program, the machinery for dealing with many important domestic and foreign problems affecting the national welfare. Through a democratic procedure more than two million cotton farmers are cooperating in an effort to bring the supply in line with effective demand. The cotton loan prevents collapse of the price structure. Concerted efforts are being made to improve the domestic market. Export payments have been used to make it possible for American cotton to compete in price with foreign cotton in foreign countries. All the while, the American cotton farmer is systematically conserving the soil for the long-time welfare of his family and his nation.

17. Q. What do cotton marketing quotas mean to individual farmers?

A. Marketing quotas are the means by which there is allocated to each farmer his fair share of that amount of cotton which can be marketed at reasonable prices. Cooperators—and the vast majority of cotton farmers do participate—regard marketing quotas as a necessary safeguard to their welfare. It is the producer who exceeds his acreage allotment who is subject to penalties, if marketing quotas are approved.

18. Q. When can cotton marketing quotas be used?

A. Marketing quotas can be used only when the supply of American cotton is more than 7 percent above normal. For 1940-41 the normal supply is 18,200,000 bales. As defined by law, this is made up of normal domestic consumption (now 7 million bales), normal exports (now 6 million bales), plus 40 percent as an allowance for carry-over. This year the supply is actually 25,000,000 bales, or more than 37 percent above normal.

19. Q. How will the outcome of the referendum December 7 affect marketing quotas for 1941?

A. The Secretary of Agriculture has proclaimed marketing quotas for 1941, but the quotas will not be in effect unless two-thirds of the cotton farmers voting by secret ballot in the forthcoming referendum give their approval.

20. Q. Who is eligible to vote in the referendum?

A. All 1940 cotton producers are eligible to vote.

UP TO FARMERS

Cotton farmers have joined wholeheartedly in a cooperative effort to make a better living from the soil and to lift the general level of American agricultural life.

During 1938, 1939, and 1940, more than 90 percent of all cotton growers in the country as a whole participated in the farm program.

The results of the three previous votes on marketing quotas are evidence of cooperation among cotton farmers. It is now up to them to decide again whether they want to continue using marketing quotas.

Quotas will not be in effect unless at least two-thirds of the cotton producers who vote on December 7 vote in favor of them.

ADDITIONAL INFORMATION ON THE COTTON SITUATION

Information regarding the cotton situation since 1920-21 in addition to that in the preceding text, is given in Table 1, page 6.

TABLE 1.—*United States, Foreign, and World Cotton Statistics*

[All figures in millions, acres, and bales]

Crop year	Acreage harvested			Production ¹			World carry-over		
	United States	Foreign	World	United States	Foreign	World	American	Foreign	All
1	2	3	4	5	6	7	8	9	10
1920-21	34.4	32.0	66.5	13.7	7.0	20.6	6.3	5.4	11.8
1921-22	28.7	29.3	58.0	8.3	6.9	15.2	9.7	5.5	15.2
1922-23	31.4	33.5	64.9	10.1	8.3	18.5	5.7	4.8	10.5
1923-24	35.6	36.3	71.8	10.3	8.8	19.1	3.3	4.3	7.6
1924-25	39.5	41.2	80.7	14.0	10.1	24.1	2.7	3.9	6.6
1925-26	44.4	43.3	87.7	16.2	10.6	26.7	3.4	4.6	7.9
1926-27	44.6	39.9	84.6	18.2	9.8	27.9	5.5	5.0	10.5
1927-28	38.3	39.8	78.1	13.0	10.4	23.3	7.8	4.8	12.7
1928-29	42.4	42.9	85.3	14.6	11.2	25.8	5.2	5.3	10.5
1929-30	43.2	43.2	86.4	14.7	11.5	26.3	4.5	6.0	10.5
1930-31	42.4	43.0	85.4	13.9	11.5	25.4	6.2	5.7	11.9
1931-32	38.7	43.4	82.1	16.9	9.6	26.5	9.0	5.8	14.8
1932-33	35.9	42.6	78.5	13.0	10.5	23.5	13.3	5.1	18.3
1933-34	29.4	46.7	76.1	12.7	13.4	26.1	11.8	5.3	17.1
1934-35	26.9	48.6	75.5	9.6	13.5	23.0	10.7	6.8	17.5
1935-36	27.5	52.0	79.5	10.5	15.6	26.1	9.0	6.0	15.1
1936-37	29.8	55.1	84.9	12.4	18.4	30.8	7.0	6.7	13.6
1937-38	33.6	59.4	93.0	18.4	18.4	36.8	6.2	7.5	13.8
1938-39	24.2	52.8	77.0	11.7	15.9	27.5	13.7	8.9	22.6
1939-40 ²	23.8	50.5	74.3	11.4	15.9	27.4	14.0	7.4	21.5

Crop year	World supply			World consumption				
	American	Foreign	All	American			Foreign	All
				United States	Foreign	Total		
1	11	12	13	14	15	16	17	18
1920-21	20.0	12.4	32.4	4.7	5.6	10.3	6.9	17.2
1921-22	18.0	12.4	30.3	5.6	6.6	12.2	7.6	19.8
1922-23	15.8	13.1	28.9	6.3	6.1	12.4	8.9	21.3
1923-24	13.6	13.0	26.7	5.4	5.6	10.9	9.1	20.0
1924-25	16.7	14.0	30.7	5.9	7.4	13.3	9.4	22.7
1925-26	19.6	15.1	34.7	6.2	7.8	14.0	10.2	24.2
1926-27	23.7	14.7	38.4	6.9	8.9	15.7	9.9	25.7
1927-28	20.8	15.2	36.0	6.5	9.0	15.6	9.9	25.4
1928-29	19.8	16.6	36.3	6.8	8.4	15.2	10.6	25.8
1929-30	19.2	17.6	36.8	5.8	7.2	13.0	11.9	24.9
1930-31	20.1	17.2	37.3	5.1	6.0	11.1	11.4	22.4
1931-32	25.9	15.4	41.3	4.7	7.8	12.5	10.4	22.9
1932-33	26.2	15.6	41.8	6.0	8.4	14.4	10.3	24.7
1933-34	24.5	18.7	43.2	5.6	8.2	13.8	11.8	25.6
1934-35	20.3	20.3	40.6	5.2	6.0	11.2	14.3	25.5
1935-36	19.5	21.7	41.2	6.2	6.3	12.5	15.0	27.5
1936-37	19.4	25.1	44.4	7.8	5.3	13.1	17.5	30.6
1937-38	24.6	25.9	50.6	5.6	5.3	10.9	16.9	27.7
1938-39	25.4	24.8	50.2	6.7	4.5	11.3	17.2	28.5
1939-40 ²	25.5	23.4	48.8	7.6	-----	-----	-----	-----

¹ Includes only cotton entering commercial channels; adjusted to running bales from census 500-pound gross weight bales.² Preliminary.

